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 10 Freedom Motors, Inc.

11 UNITED STATES BANKRUPTCY COURT
 12 EASTERN DISTRICT OF CALIFORNIA
 13 SACRAMENTO DIVISION

14 In re	15)	16 Case No. 09-29936-C-11
	17)	
	18)	
19 Paul Sandner Moller,	20)	21 DCN: HTP-1
22 Rosa Maria Moller,	23)	24 Date: March 17, 2010
25 Debtor(s)	26)	27 Time: 10:00 a.m.
	28)	Dept: C
)	Courtroom: 35, 6 th Floor

17 **OPPOSITION TO MOTION FOR RELIEF FROM AUTOMATIC STAY**

18 Freedom Motors, Inc., stakeholder in the above-captioned case and a California
 19 corporation in which debtor-in-possession Paul Sandner Moller is principal shareholder and
 20 chief operating officer, hereby opposes the Motion for Relief from Automatic Stay filed by
 21 creditors Maria E. Vargas et al. ("Movants") to permit Movants to foreclose on debtors' real
 22 property located at 1222 Research Park Drive, Davis, CA 95618 (the "Real Property").

23 1. Debtors' ability to remain in possession of the Real Property is necessary to an
 24 effective reorganization. The Real Property currently houses Freedom Motors, Inc.'s unique
 25 engine technology, Rotapower®. The specialized tools are installed at the business parcel.
 26 Debtors are currently finalizing an agreement to license their technology, which will supply
 27 debtors with the funds necessary to fully repay their secured creditors. (See Exhibit A, filed
 28 herewith.) As part of the licensing sale, debtors must allow the purchasers to view

1 demonstrations of the engines. (See Exhibits B and C, filed herewith.) If Movants were
2 allowed to foreclose on the Real Property, and debtors were forced to relocate the equipment,
3 debtors would not only incur significant costs, but in addition, the licensing agreement would
4 be severely delayed and compromised.

5 2. In addition, Movants are adequately protected by an equity cushion in the Real
6 Property, and debtors' reorganization plan is likely to be confirmed as long as they are able to
7 remain in possession of the Real Property, given that the licensing agreement is near
8 completion.

9 3. On February 26, 2010, creditors Maria E. Vargas et al. (hereafter "Vargas")
10 filed a supplement to their Motion for Relief from Automatic Stay (Docket No. 184), in which
11 they made allegations with respect to debtors' January 2010 monthly operating report.
12 Freedom Motors, Inc. wishes to address the allegations as follows:

13 a. Contrary to Vargas' assertion (Docket No. 184, p. 2), debtors have not
14 "continued to sell stock." The payment of \$2,588 shown in the January 2010 monthly
15 operating report was in fact from the June 2009 144 Filing, not from any new stock sales.

16 b. As to the IRS' erroneous withdrawal of payroll taxes from Paul
17 Moller's personal account, Mr. Moller will provide documentation of reimbursement by
18 Moller International and of the IRS' incorrect account information. (See Moller Declaration
19 and Exhibits D and E, filed herewith.)

20 c. The \$6,000 in rental income that Vargas refers to as "almost certainly
21 cash collateral of one or more secured lenders" is, in fact, rent received from Moller
22 International. (See Moller Declaration.)

23 d. The payment of \$10,200 to Lucia Napoli Cosmeli was payment to the
24 caretaker for debtor Rosa Moller's aunt. Ms. Moller's aunt is 94 years old, in precarious
25 health, and entirely dependent on the debtors' support. Debtors' attorney William Bernheim
26 assured debtors that they were allowed to make this payment to Ms. Cosmeli. (See Moller
27 Declaration.) Similar payments to Ms. Cosmeli were reported in the monthly operating
28 reports for June 2009 (Docket No. 55, Exhibit B) and July 2009 (Docket No. 68, Exhibit B).

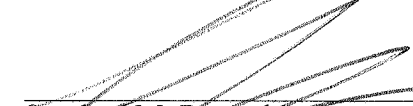
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Based on the foregoing, Freedom Motors, Inc. respectfully requests that the Motion for Relief from Automatic Stay be denied.

Dated: March 4, 2010

Lundgren & Reynolds, LLP

By



Stephen M. Reynolds,
Attorneys for Freedom Motors, Inc.